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THE FARM INDEX

ECONOMIC RESEARCH SERVICE ★ U.S. DEPARTMENT OF AGRICULTURE ★ MARCH 1967

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ECONOMIC TRENDS

ITEM	UNIT OR BASE PERIOD	'57-'59 AVERAGE	1966			1967	
			YEAR	JANUARY	NOVEMBER	DECEMBER	JANUARY
Prices:							
Prices received by farmers	1910-14=100	242	265	262	259	258	255
Crops	1910-14=100	223	235	226	230	230	224
Livestock and products	1910-14=100	258	292	293	284	282	281
Prices paid, interest, taxes and wage rates	1910-14=100	293	334	327	337	337	340
Family living items	1910-14=100	286	315	309	318	318	318
Production items	1910-14=100	262	285	281	286	287	289
Parity ratio		83	80	80	77	77	75
Wholesale prices, all commodities	1957-59=100	—	105.8	104.6	105.9	105.9	106.2
Commodities other than farm and food	1957-59=100	—	104.8	103.5	105.5	105.5	105.8
Farm products	1957-59=100	—	105.6	104.5	102.5	101.8	102.8
Food, processed	1957-59=100	—	111.5	110.3	110.7	110.6	110.7
Consumer price index, all items	1957-59=100	—	113.1	111.0	114.6	114.7	—
Food	1957-59=100	—	114.2	111.4	114.8	114.8	—
Farm Food Market Basket: ¹							
Retail cost	Dollars	983	1,100	1,073	1,100	1,097	—
Farm value	Dollars	388	442	444	421	419	—
Farm-retail spread	Dollars	595	658	629	679	678	—
Farmers' share of retail cost	Per cent	39	40	41	38	38	—
Farm Income:							
Volume of farm marketings	1957-59=100	—	120	129	170	130	124
Cash receipts from farm marketings	Million dollars	32,247	42,879	3,634	4,784	3,717	3,600
Crops	Million dollars	13,766	18,213	1,711	2,638	1,701	1,600
Livestock and products	Million dollars	18,481	24,666	1,923	2,146	2,016	2,000
Realized gross income ²	Billion dollars	—	49.5	—	—	51.1 ²	—
Farm production expenses ²	Billion dollars	—	33.2	—	—	34.6 ²	—
Realized net income ²	Billion dollars	—	16.3	—	—	16.5 ²	—
Agricultural Trade:							
Agricultural exports	Million dollars	4,105	6,885 ³	506	698	632	—
Agricultural imports	Million dollars	3,977	4,492 ³	353	359	352	—
Land Values:							
Average value per acre	1957-59=100	—	150 ⁴	145 ⁵	157	—	—
Total value of farm real estate	Billion dollars	—	171.1 ⁴	165.9 ⁵	179.7	—	—
Gross National Product: ²							
Consumption ²	Billion dollars	457.3	739.5	—	—	759.1	—
Investment ²	Billion dollars	294.2	465.0	—	—	474.4	—
Government expenditures ²	Billion dollars	68.0	116.5	—	—	118.0	—
Net exports ²	Billion dollars	92.4	153.1	—	—	161.9	—
Billion dollars	2.7	4.9	—	—	—	4.8	—
Income and Spending: ⁶							
Personal income, annual rate	Billion dollars	365.3	580.4	560.2	598.5	601.8	607.2
Total retail sales, monthly rate	Million dollars	17,098	25,300	25,023	25,610	25,329	25,315
Retail sales of food group, monthly rate	Million dollars	4,160	5,924	5,783	5,921	5,844	—
Employment and Wages: ⁶							
Total civilian employment ⁷	Millions	68.7	72.9	72.4	73.9	73.9	74.3
Agricultural ⁷	Millions	6.0	4.0	4.1	3.9	4.0	4.0
Rate of unemployment ⁷	Per cent	5.5	3.8	3.9	3.5	3.7	3.7
Workweek in manufacturing	Hours	39.8	41.4	41.4	41.3	40.9	40.9
Hourly earnings in manufacturing, unadjusted	Dollars	2.12	2.71	2.67	2.76	2.77	2.78
Industrial Production: ⁶							
1957-59=100	—	156	151	159	159	158	—
Manufacturers' Shipments and Inventories: ⁶							
Total shipments, monthly rate	Million dollars	28,745	44,008	42,665	44,393	45,371	—
Total inventories, book value end of month	Million dollars	51,549	77,669	68,594	76,896	77,669	—
Total new orders, monthly rate	Million dollars	28,365	45,149	43,986	44,052	45,540	—

¹ Average annual quantities of farm food products purchased by urban wage-earner and clerical-worker households (including those of single workers living alone) in 1960-61—estimated monthly. ² Annual rates seasonally adjusted fourth quarter. ³ Preliminary. ⁴ As of March 1, 1966. ⁵ As of November 1, 1965. ⁶ Seasonally adjusted. ⁷ Series revised beginning January 1967, giving data for persons 16 years of age and older.

Sources: U.S. Dept. of Agriculture (Farm Income Situation, Marketing and Transportation Situation, Agricultural Prices, Foreign Agricultural Trade and Farm Real Estate Market Developments); U.S. Dept. of Commerce (Current Industrial Reports, Business News Reports, Advance Retail Sales Report and Survey of Current Business); and U.S. Dept. of Labor (The Labor Force and Wholesale Price Index).

THE AGRICULTURAL OUTLOOK

Total farm output in 1967 may considerably exceed 1966. Supplies of fed beef, hogs, milk, poultry, and eggs during the first half are expected to be well above a year ago. Citrus production is about a fourth larger and fresh vegetable production is running above a year earlier.

Livestock prices are likely to be below—and crop prices about the same as—levels of a year earlier in the first half.

Supplies of fed beef and pork will likely continue large, but the increase over a year earlier will likely narrow as the year unfolds. Crop output on the other hand, may be up considerably from a year earlier. One-fourth more acres have been planted to winter wheat this season than a year ago. Preliminary indications point to a significant increase in corn and soybean acreage.

If acreage expands as expected, and the weather is no more capricious than usual, large crops may lead to some price decline in the last half, though incomes may be well maintained.

COMMODITY HIGHLIGHTS

The retail cost of the market basket of farm-originated foods is expected to remain close to fourth quarter 1966 levels during the first half of 1967. In October-December 1966, the cost of food that an average household buys during a year was at an annual rate of \$1,103. Farm value was 39 per cent of the retail cost.

Returns to farmers (the farm value) from these foods are expected to continue near the fourth quarter level during the first half of this year. In the fourth quarter last year, the farm value averaged 6 per cent lower than in the previous quarter, but about the same as in the final quarter of 1965.

Feed grain disappearance during October-December reached a record 49 million tons—8 per cent above that quarter of 1965. Domestic con-

sumption was 13 per cent larger, more than offsetting a 17 per cent reduction in exports.

With more livestock and poultry to be fed this year, domestic consumption of feed grains probably will be somewhat above the 141 million tons of last year. However, exports are expected to fall 10 to 15 per cent below the 29 million tons shipped in 1965/66. Based on these trends, total disappearance for the current marketing year will be around 175 million tons—a little above the record last year.

With the smaller supply (now estimated at 200 million tons), utilization at this level would leave a carryover of around 25 million tons, down from 42 million last year.

Soybean prices during the rest of the marketing year probably will average below recent levels.

Soybean prices during September-December 1966 had remained fairly steady, averaging about 35 cents above the same months a year earlier. But prices in January and early February slipped about a dime per bushel—close to the \$2.91 average of February 1966.

Total disappearance is slightly ahead of the year-earlier rate, and farmers are storing a record quantity of soybeans. Crushing and export demand for soybeans may pick up, but not enough to prevent some buildup in carryover stocks from last September's low level of 36 million bushels.

In early February, USDA announced that price support for 1967-crop soybeans will be \$2.50 per bushel, unchanged from the 1966 support level. The 1967 rate is 77 per cent of the February 1967 parity price of \$3.26 per bushel. This support rate is expected to encourage production of enough to supply domestic and foreign demand at the same time helping to maintain prices and income to growers.

Stepped-up hog farrowings in the second half of 1966 will lead to continued sizable increases

in hog slaughter supplies into the summer months. Since hog farmers had indicated their intentions to slow the current expansion, smaller increases in hog slaughter are in prospect for next fall.

For the sixth straight year the number of **sheep and lambs** on farms declined in 1966. On January 1, 1967, there were 23.7 million head on farms—1.0 million less than last year. There were 6 per cent fewer lambs on feed. The stock sheep inventory was 4 per cent smaller. The number of ewes 1 year old and older also declined 4 per cent. This means a smaller 1967 lamb crop and smaller slaughter supplies later in the year unless liquidation continues in 1967.

There were $108\frac{1}{2}$ million **cattle and calves** on farms on January 1, 1967. This was about $\frac{1}{2}$ million head below the peak on January 1, 1965. The decline of only 371,000 head during 1966 was much less than had been anticipated. Declines in numbers have been faster than expected for dairy cows but beef cattle numbers continued to increase rather than decline as anticipated earlier.

The larger inventory of beef cattle explains the continued record volume of fed cattle coming to market. Also, there is still a large supply of feeder cattle available for replacement needs; but there are fewer steers 1 year and older on hand, and a stepped-up demand for breeding heifers will partly offset this.

The 1967 wool clip is expected to be somewhat smaller than the estimated 211 million pounds, grease basis, shorn in 1966. There was a 6 per cent reduction in sheep numbers in the Native or fleece-wool States, while numbers were off 3 per cent in the 11 Western States, plus Texas and South Dakota.

U.S. mill consumption of apparel wool in 1966 totaled 267 million pounds, scoured basis—3 per cent less than in 1965. Mill use in 1967 is expected to change little from the 1966 rate. Wool prices in 1967 are expected to average slightly lower than last year. Declining prices for man-made fiber and a lower level of unfilled orders for finished apparel fabrics are expected to more than offset the impact of lower wool prices on consumption.

Rice yields per acre and total production of 85.1 million hundredweight were at new highs.

Exports are expected to exceed the previous year's record of 43.3 million cwt. (rough basis) and domestic use will likely rise slightly from the 30.8 million cwt. of a year earlier. Thus, year-end carryover will probably total close to last year's 8.2 million cwt.

January **milk** production was 9.9 billion pounds—0.5 per cent above low year-earlier levels, but 3.6 per cent below the January 1961-65 average. Milk production in the first half of 1967 will likely continue to increase somewhat from low year-earlier levels.

The revised estimate of 1966 U.S. milk production is 120.2 billion pounds—3.2 per cent below the 1965 revised total of 124.2 billion pounds. Output per cow in 1966 was revised to 8,513 pounds—2.5 per cent above 1965, but less than the long-term average annual increase of 3.4 per cent. Since September, however, output per cow has been running some 5 per cent above year-earlier levels. And the rate of gain for 1967 will likely be above the 1966 rate.

Farmers received an average of \$5.15 per 100 pounds of milk in January—13 per cent above a year earlier. Milk prices received by farmers are expected to average 8-10 per cent above a year earlier in first half 1967, because of higher support levels and higher formula prices for Class I milk in Federal order markets.

Purchases of dairy products by USDA increased from low year-earlier levels during January and were running higher in early February. USDA purchased (delivery basis) 28 million pounds of butter; 6 million pounds of cheese; and 56 million pounds of nonfat dry milk during January. This compares with 2 million pounds of butter and 38 million of nonfat dry milk a year earlier.

Increased milk production and imports in the first half of 1967 are expected to cause supplies of milk for manufacturing to continue above demand. Consequently, USDA purchases will likely be above low year-earlier levels in the first half of 1967.



GOODBY TO THE BUCKET

Central evaporators, streamlined drilling rigs—not for petroleum but for maple sugar, an industry that's become updated after it once appeared to be trapped in a picturesque but inefficient never-never land of agriculture.

Sugaring off in a Currier and Ives print—a scene that speaks of maple syrup treats out in the woods in the early spring.

Until recently, the production of maple syrup in the United States seemed on its way to joining plow horses in agriculture's nostalgic past.

On most farms, maple syrup was a minor but laborious part of the farm activity. As such it was apt to be squeezed off the farm when costs forced the operator to streamline operations.

A few highlights of the industry—and its prospects:

—Long before the United States came into being, Indians along the St. Lawrence and the banks of the Great Lakes were

using maple syrup and sugar as the basis of a lively barter trade.

—Production hasn't strayed far since those days. New York and Vermont each account for a third of U. S. output. Nine other states produce the remainder. In Canada, 80 to 90 per cent of production comes from Quebec, with the rest from Ontario, New Brunswick and Nova Scotia.

—In the U.S. the output of maple sugar has been falling for decades. About 9 million pounds of sugar were produced around 1920. Production was down to less than 100,000 pounds in 1959, when the statistics were discontinued. Sirup has not fallen so sharply, dropping from a level of 3 million gallons to a current output of about 1 million gallons.

Despite the tradition of maple syrup in the United States, Canada has long provided a good part of our supplies. Recently, the volume of imports from north of the border climbed beyond the line for domestic production.

—Canada and the United States together produce the entire world supply of maple syrup and sugar. The items are almost the only agricultural products where output is confined exclusively to these two North American

nations.

—Maple syrup is a supplementary activity on most farms, using labor and other resources that would otherwise be idle in the late winter and early spring. Even so, the operation can grow to a respectable size on occasion. Average gross receipts from maple syrup were \$1,364 per farm in 1963. A few farms, however, achieved gross receipts of close to \$50,000.

—Despite the industry's recent doldrums, there are signs that maple syrup production in this country may be ready to modernize. Some of the indications:

Lighter drilling rigs make it easier to tap trees.

Sanitizing pellets, controlling micro-organisms, increase the yield of sap.

Plastic tubes carry the sap to central gathering tanks, replacing the individual buckets hanging on the trees. What the industry loses in the picturesque, it gains in laborsaving efficiency.

Central evaporators not only improve the efficiency of production but promise some benefits in marketing, too—better quality product, greater ease in achieving the large-scale output necessary for mass distribution. (1)

Credit Limitations Hamper Small Scale Dairy Farmers' Attempts To Diversify

The dairy farmer of western Wisconsin adds up his accounts. Considering the cattle cared for, equipment bought and work done, he isn't making much money. He thinks about making changes. He could build up the size of his herd or turn to other livestock to supplement his dairy income. He could drop dairying and put all his efforts into raising cash crops and nondairy livestock.

Whatever he does, he faces a problem: Any alternative will take money for new or additional equipment.

To help find answers, ERS, in cooperation with the Wisconsin Agricultural Experiment Station, conducted a survey of dairy farms in western Wisconsin. They were mainly small operations, having about two dozen cows. The majority of the farms

surveyed produced grade B milk; the others, grade A.

The study found that the grade A producer would have to borrow to his credit limit set by conventional equity requirements to make any major changes.

The grade B farmer, on the other hand, would need to borrow more than his present credit limit in making improvements for any sizable income gains. The grade B producer could boost his income by even more than could the grade A operator, given one factor: the lifting of credit restrictions set by most types of credit agencies in making loans to farmers.

Although credit restrictions do not affect all farmers in the same way, a farmer usually can borrow only up to his current equity (net worth). Grade A-producing farms have already gained a higher equity by their investments in equipment for processing grade A milk and by their resultant higher incomes from the product.

The survey indicated that with fewer restrictions on loans, the farmers would diversify their enterprises to make best use of their labor and other resources.

Under the current equity requirements, however, the farmers tend to stay with dairying, gradually building up their herds, rather than starting a nondairy enterprise which would require a high equipment investment. (3)

Golden State Is No. 1 Provisioner Of Nation's Nut Bowl and Fruit Basket

Which state ranks No. 1 in U.S. pomegranate production?

Answer: California.

The Golden State is always a good guess if you are asked which state leads in farm production of fruits and nuts.

California could claim title in 1965 to all the dates, figs, nectaries, olives, persimmons, pomegranates and almonds sold off

farms in the 48 contiguous states. It was also the top producer of apricots, avocados, grapes, lemons, peaches, pears, plums, prunes, sweet cherries, strawberries and walnuts.

California's fruit and nut crops accounted for about 43 per cent of total U.S. output of 20.7 million tons in 1965. And California's growers claimed about 44 per cent of the \$1.6 billion U.S. farmers received for the 1965 crop of all types of fruits and edible tree nuts.

Florida, with 30 per cent of total U.S. fruit and nut production and 20 per cent of its value, ranked second to California in 1965. Florida's growers produced just about 71 per cent of total citrus output; ranked No. 1 in the production of oranges, tangerines, grapefruit, limes and tangelos.

The Golden State and the Sunshine State together accounted for 73 per cent of total fruit and nut output and 63 per cent of its value in 1965. Tied for third place were Washington and New York, each with about 4 per cent.

Though California and Florida fruit and nut output is impressive, on the basis of individual crops several other states are more than holding their own.

For example, Washington led in the production of apples during 1965, Michigan in output of sour cherries, Massachusetts in cranberries, Oregon in filberts. Texas topped Georgia in pecan production, but only by a slight margin.

Of the 20.7 million tons of fruits and nuts produced in 1965, noncitrus output amounted to 11.6 million tons, or 56 per cent of the U.S. total. Citrus production was approximately 8.8 million tons, 43 per cent, and output of edible tree nuts was 0.3 million tons, 1 per cent.

Of the total value of production of all fruits and nuts in 1965, noncitrus fruits accounted for 61 per cent; citrus fruits for 31 per cent; and edible tree nuts for 8 per cent. (4)



Farm or Factory: The Worker's Choice

Too often top-quality hired workers desert farming for other jobs off the farm. Here are a few tips on what farmers can do if they want to compete more effectively for skilled manpower.

Getting a good hired worker on a farm is a problem. Keeping him there is an even more difficult matter.

The hired worker with some special skills and management ability is a much sought-after commodity in today's labor market—for both farm and factory jobs. Too often, it's agriculture that loses out in the contest for skilled workers.

What can the farm operator do to meet and beat industry's challenge? Here are a few adjustments farmers might make to improve their competitive position:

The pay package. To compete effectively, farmers need to reappraise the pay package they offer their hired workers, both as to its size and composition.

The level of the wage payment is of great concern because it is

generally lower than that in industry. In 1964, the cash farm wage rate averaged \$1.14 an hour, compared with \$2.61 an hour for manufacturing workers. Of course, many of the more efficient commercial farmers paid considerably higher wages to their skilled workers than the national average.

The unit of time on which the cash wage is based also varies. Supervisory workers are normally paid on a monthly or annual basis and, in most cases, this works satisfactorily. Hired laborers, however, may be paid by the hour, day, week or month.

Pay by the hour, as in industry, has several advantages that compensate for the burden of time-keeping. The employee knows how much he has worked, including overtime, and the rate he is being paid. Requests for time off

may be handled with little friction. Also, the farm manager may become more cost-conscious and be encouraged to eliminate "busy" work in favor of more productive jobs.

An important part of the pay package is made up of noncash benefits—such as a house, utilities, meat, meals, a gasoline allowance and other items available from the farm business. However, these noncash benefits don't really compete in popularity with the fringe benefits commonly provided by industry—sick leave, paid vacations, hospitalization, life insurance and retirement.

Dropping some of the traditional noncash farm benefits in favor of either some fringe benefits common to industry or a higher straight cash wage might prove more satisfactory to both farm operator and worker.

Providing many of the traditional noncash benefits is getting to be a problem for farm operators because of increased farm specialization. The cash grain producer may have no products to offer. The livestock producer may buy his meat and milk at the store because his consumption standards have changed and home facilities to process the products are no longer available.

Also, remodeling older houses on the farmstead is an expensive proposition. Building a new house is equally costly and may add little to the value of the farm.

Many a farmworker would prefer the greater flexibility of cash to a side of beef, sick leave to a gasoline allowance. Also, many farmworkers prefer to live off the farm where their personal life is separated from their work.

Incentive plans. Farmers might also consider various types of incentive plans designed to increase labor productivity, reward workers for top performance and identify workers more closely with the success of the farm business.

Generally, incentive plans function best when they are restricted

to a particular operation over which the employee has a great deal of control. For example, a swine herdsman might share in the profits from extra pigs weaned per litter or in improved feed efficiency. Payments should be large enough to encourage incentive, but not a major portion of the total pay. And the incentive plan should be simple, preferably explained in writing.

Care must be taken, however, to avoid setting incentives that might encourage diligence in one part of the farm business at the expense of another. Also, the producer must guard against incentives based on volume output alone since this can be costly in times of low prices.

Profit sharing is another type of incentive plan by which an employee may receive part of his pay. The worker is encouraged to be cost-conscious and to take an interest in the entire farm business. However, with such a plan, the books must always be open and even then there is a chance of controversy over methods of accounting.

Job status. The popular image of both the hired farmworker and the work he does is still poor. Farmers need to do everything they can to raise the dignity and status of hired workers through good personal relations, improved working conditions, opportunities for advancement and job security.

Good relations between employer and employee are essential. A worker needs to feel that he is important and that he is contributing in a large way to the success of the farm business. Sharing in, or at least being aware of, the management program may lend some of the status of the farm to the job.

Good working conditions are appreciated by employees. Farm work is no longer the drudgery and manual labor it used to be, but the attractions of work in industry is one of the major fac-

tors drawing workers from farms to factories.

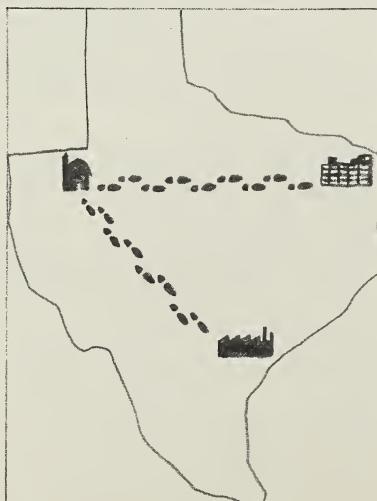
Part of the effort to keep skilled employees should be devoted to making jobs easier, reducing manual labor and eliminating as far as possible jobs considered highly disagreeable. Safety, too, is evidence of a farmer's concern for his employees. Agriculture is a high-risk industry, but an individual operator can strive for a reputation of safety on his farm.

Farmers need stability in their labor supply now more than ever before. But agricultural workers, with growing community ties and higher fixed financial commitments, have equal need for job assurance. The added security of a written wage contract could help stabilize the farm labor force and be of mutual benefit to both parties. (5)

Texas Spanish-American Youths Shun Farmwork in Favor of Nonfarm Jobs

With the wholehearted approval of their families, many young Spanish Americans in Texas are *not* following in their parents' footsteps.

Farmwork has traditionally been one of the major occupations



of Spanish Americans living in Texas. But in recent years many—particularly the younger ones—have abandoned farmwork in favor of nonfarm jobs.

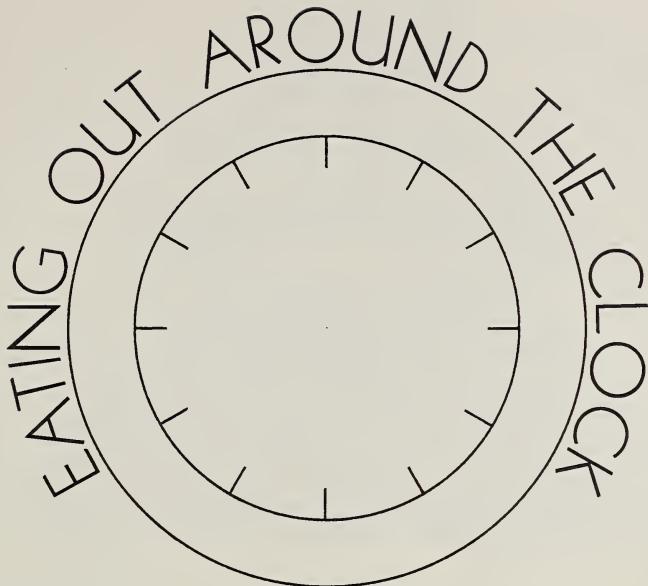
The Texas Agricultural Experiment Station, in cooperation with ERS economists, conducted a survey of 544 Spanish American household heads in two areas of Texas—rural Atascosa County and urban San Antonio. The survey illustrates the extent of occupational shifts occurring between younger generation Spanish Americans and their parents—and the role of education.

In the rural area, only 16 per cent of the young Spanish American males were employed at farmwork at the time of the study, compared with 54 per cent of the family heads.

In the city, the principal occupational differences between the generations showed up in the smaller proportion of unskilled laborers and the larger proportion of white collar workers among the young Spanish Americans compared with their parents. About thirty per cent of the younger generation were white collar workers; less than 20 per cent were laborers. Among the household heads, these proportions were reversed.

In large part, the occupational changes made by the younger generation were made possible by significant gains in educational attainment. The younger generation achieved an educational level double that of their parents and almost on a par with the educational level of the non-Spanish population around them. Averages were eight and 12 years of schooling completed, respectively, by younger rural and urban Spanish Americans.

Most of the household heads had high aspirations for their young children, particularly in San Antonio where almost half the family heads hoped their sons would seek careers in professional fields. (6)



The market for food away from home has grown from dining out, once in a blue moon, to dining, lunching, breakfasting, coffeeing and snacking out, day in and day out, every hour around the clock.

It may have ten stools and a menu leaning heavily to hot dogs and hamburgers. Or it could be awash in crystal and silver.

Whatever the appearance, it is all part of the big away-from-home-eating market—and it is the place where an increasing number of Americans are spending more money for their food.

This growing outlet for food products has just been subjected to some detailed analysis. The work is part of a nationwide survey conducted by the Economic Research Service in cooperation with the food industry, spearheaded by the Institutional Food Service Manufacturers Association, the National Restaurant

Association and the National Association of Food Equipment Manufacturers.

These first bits of information provide a sketchy profile of the eating establishments. This preliminary information is in turn limited to separate eating establishments. That is, the data refer only to places where the primary business is serving food, unlike the factory lunchroom or the school cafeteria.

An independent industry. Typically, the separate eating place is independently owned and operated. And over half the independents are primarily table or booth service operations. One in four have counters, one in 10, drive-in service. Few of the independents are franchise operations.

Now you see them. And now you don't. Less than half the eating places studied have been in business at the same location more than four years. One in five is less than a year old.

The company they keep. For about half the eating places, no one group of customers dominates. But certain occupational groups are important nonetheless.

By type of food service, however, the customers tend to differ.

During the lunch hour, for example, business and professional people are the major identifiable occupational group served by cafeterias and restaurants with table or booth service.

And for some 10 per cent of the establishments with carry-out service, the homemaker is the most important customer during the evening dinner hours.

Urban oriented. More than 80 per cent of all separate eating places are within the city limits. And about one in three is in the downtown business district.

There are, however, some 22 per cent doing business at the suburban edges of the city. Another 8 per cent are in a rural setting.

By their very nature, drive-ins are drawn away from city centers to the city outskirts. Some 74 per cent of the drive-ins in the study are in the suburbs or in parts of the city other than the business district. On the other hand, cafeterias and table-service restaurants are city services. Forty per cent or more of these establishments are in a downtown business district.

Traffic control. There is a vast difference among the eating places in the speed with which they get their customers in and out. For instance, in one selected size category the turnover rate—the ratio of customers served to seating capacity—for cafeterias is more than double the rate for places offering table or booth service.

Shoppers guide. All types of eating places turn first to the middleman—wholesaler, jobber or restaurant supply house—for their food supplies. But the proportion using the middleman as principal source of food varies both by the nature of the food bought and the category of food service.

A middleman, for example, supplies the eggs for 45 per cent of the counter services and 59 per cent of the cafeterias. On the other hand, for shortening and cooking oils, middlemen were

Open Season

Traces of snow still on the ground. The sound of the first robin in the air. It's no season for ice cream. But ice cream seems to be as welcome at Eastertime as it is on the Fourth of July.

This national favorite party dish is also an important dairy product, with a significant sales value for processor and farmer.

The processor and distributor, in fact, get about 53 cents out of every dollar the consumer spends on ice cream. The farmer's share of the ice cream dollar runs to about 28 cents. That leaves 19 cents for the retailer. (8)

used as the principal supplier by 80 per cent of the cafeterias.

The retail store is an important source for counter services, especially for canned vegetables, flour and margarine. About one out of three such establishments uses the retail store for these products. Restaurants with table and booth service also turn to the retail store, though not as frequently or as extensively.

The flavor of the kitchen. Steak may be the all-American food, but it appears to be no more popular than spaghetti and other Italian dishes.

About 5 per cent of the restaurants surveyed specialize in steaks, chops and roast beef. A like number specialize in Italian foods.

The biggest group of the restaurants—40 per cent of the survey—reports serving varied American foods. Another 30 per cent concentrate on sandwiches, refreshments and snacks. (7)

U.S. Spending for Food Up in 1966; Animal Products Lead Price Trend

Americans spent \$91.3 billion on food last year, 7 per cent more than in 1965.

Retail food stores increased their sales by 6 per cent in 1966. Eating and drinking places sold 9 per cent more food and other products.

Prices for food averaged about 5 per cent higher in 1966 than in 1965.

Even though food prices increased more than nonfood items during 1966, over a longer run, the climb has been equal. Between 1957-59 and December 1966, food prices advanced 14.8 per cent, all items other than food 14.9 per cent.

Food prices climbed at different rates in various parts of the country last year. In the Los Angeles-Long Beach area, for example, prices were only 2 per cent above the 1965 level. In Detroit

the rise amounted to 7 per cent, in Baltimore 6 per cent.

Wholesale and farm prices have increased substantially in the last two years. But over the long run, the climb has been modest indeed compared with retail food prices. Since 1950, for example, retail food prices have increased 33 per cent, wholesale prices of all foods 19 per cent. In the same period, prices received by farmers for all commodities rose only 3 per cent.

During 1966, retail prices for meat averaged 9 per cent above the 1965 levels. Pork was up the most—14 per cent. Beef prices averaged out at 5 per cent above '65, though supplies were larger.

The year's average price for eggs was 14 per cent above 1965. Fryers were 6 per cent over the earlier levels. And prices for dairy products were 6 per cent higher.

Retail prices for crops—though up compared with 1965—didn't increase as much as prices for animal products. The retail price of food derived from farm crops rose 2 per cent during the year. Prices for animal products rose 8 per cent.

Some fresh fruits and vegetables like apples and lettuce cost more. The price of apples, for instance, averaged 12 per cent higher for the year. But other products were down. Potatoes, for example, by 20 per cent. (9)

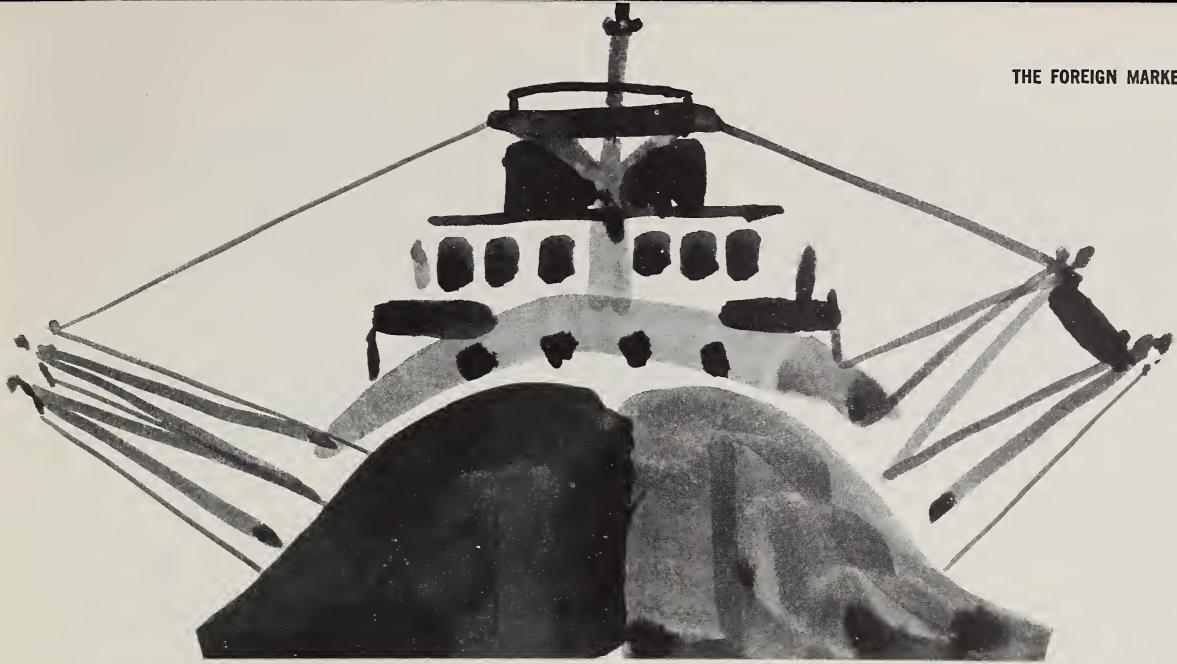
Cheaper by the Ton?

When you struggle over the week's shopping list, take heart. The Department of Agriculture has to go through a similar chore.

The Department's purchases are for distribution to schools, needy families, institutions and such.

Last year the Department bought a total of 109.1 million pounds of meat and meat products. The cost was \$56.4 million.

The purchases included about 40½ million pounds of frozen ground beef and roasts for schools, 9½ million pounds of canned beef and 59 million pounds of canned chopped meat for the needy. (10)



Canal nation — traditional top Central American buyer of U.S. farm products — is now looking farther afield for some of the food and feed it needs.

Question: Which country is the best market in Central America for U.S. farm products?

Answer: Panama.

The isthmus nation — better known for the Canal than trade in farm products—has increased its agricultural purchases from the U.S. to \$14½ million worth from only a little more than \$8½ million a decade ago.

Best-selling U.S. commodities through the years have been wheat and flour and other cereals, fruits and vegetables, dairy products, meat preparations and lard.

Despite the bigger volume, the U.S. share of Panama's total farm imports has slipped in 10 years from 68 per cent to 60 per cent. Some of the reasons:

—Import restrictions, to protect domestic industry, have cut into takings of U.S. lard.

—A local flour mill built in 1963 is now providing about 80 per cent of Panama's flour needs (but we provide almost all the wheat needed by the mill).

Vital Statistics

Operation and servicing of the Panama Canal provides around 7 per cent of the country's gross national product. But relatively few Panamanians benefit directly from the Canal.

Agriculture accounts for about one-fourth of the GNP and employs 46 per cent of the population.

Agricultural exports, however, have dropped from 79 per cent of total exports in 1951-55 to 36 per cent in 1963.

Petroleum products have in large degree supplanted bananas and other tropical products as foreign exchange earners. (11)

further. The country's own agricultural output has forged ahead of population in only three of the past 12 years.

Population is expanding by a compound 3 per cent annually—a little less than the Central American average of 3.2 per cent.

Living standards are also rising—at least in urban areas. Per capita gross national product in 1965 was about \$500, higher than for many other Latin Americans but unequally distributed. About 35 per cent of Panama's "farmers" probably make less than \$50 a year and another 54 per cent earn less than \$100.

Bigger demand for feed and for breeding stock is likely because Panama's livestock numbers are increasing faster than the quantity and quality of the meat and milk they produce.

The U.S. can expect to share in import increases. Even if Panama should join the Central American Common Market (CACM), it should continue to buy at least half its foreign agricultural products from the United States. Imports from the CACM area would probably be limited largely to oilseeds, crude vegetable oils, vegetable preparations and some animal feed. (11)

**PANAMA:
GOOD
NEIGHBOR
CUSTOMER**

Russian Farmers Helped To Boost All-European Harvest Last Year

The USSR sharpened its sickle last year to reap a blue-ribbon harvest.

That's the big story now confirmed in the first of four ERS regional and country analyses that supplement in detail an earlier report on the world agricultural situation (see Farm Index, January 1967).

The 1966 agricultural output of both Eastern and Western Europe was bigger than in 1965. But the percentage gain by the Soviet Union alone — following its poor 1965 grain harvest — was more than double that registered by either of the other multi-country European areas.

The erratic Russian grain sector has fluctuated between exceptional peaks and troughs since 1962. Last year it shot up to a record 140 million tons (in terms of preliminary USDA usable grain estimates). Wheat was at the impressive level of 75 million tons.

Most other major crops — whether for food, feed or industrial use — increased and in many cases also set new records.

Cotton was one of them. De-

spite declining acreage in the past four years, the crop last year was at a new high just under six million tons unginned.

Unquestionably, 1966 gave a big boost to the new Soviet 5-year plan (1966-70). It also gave evidence that agricultural policy has been getting a major overhaul in the past three years, since the disastrous 1963 setback.

While good weather and generally improved economic conditions played a part in the outstanding 1966 performance, credit must also go to favorable policy changes.

Since the advent of Brezhnev and Kosygin, the new Soviet leadership has acted with surprising consistency — and at times quite unexpected speed — in pushing through reforms to remedy some of the most serious weaknesses in the Soviet agricultural system. Yet they have not greatly altered the system itself.

The new Soviet 5-year plan calls for a sharp increase in the level of per capita food consumption of all but the basic food items. The Soviet diet is still extremely inadequate in quality foods, not only by international comparisons, but by Soviet standards of a desirable diet. (12)

When It Comes to Fertilizer, Use In USSR Is Swinging Sharply Up

Stepped-up use of fertilizer is one of the most striking features of the new Soviet agricultural pattern.

About 31 million metric tons of mineral fertilizer (gross weight) went into USSR agriculture in 1966. Only 16 million tons were used in 1963, and 11.5 million in 1960.

The rate of application has been intensified for all major crops, especially grains. Most of the 10 to 11 million tons of fertilizer earmarked for the grain sector were absorbed by winter food grains and corn.

Here are some rates of fertilizer application by crop (*pounds per acre, in terms of plant nutrients*):

	1963	1965
Corn	15.5	23.4
Other grains	6.1	10.9
Cotton	207.8	251.5
Sugarbeets	81.4	185.8
Flax	53.4	90.6
Potatoes	45.8	86.8
Vegetables and melons	51.8	79.0
		(12)

Foreign Spotlight

FRANCE. Three French firms plan to build a soybean processing plant at St. Nazaire this year with a 150,000-ton capacity. While this exceeds the average tonnage of soybean crushings in recent years, demand for soybean meal is growing. Soybean imports are therefore expected to rise. In 1963-65, they averaged 120,000 metric tons — nearly all from the U.S.

CUBA. Construction by a British firm of a \$39 million fertilizer plant in Cuba reportedly has been approved by the United Kingdom. Castro is to make a down payment of \$5 million and repay a loan for the balance in five years.

BOLIVIA. The Bolivian government has submitted a plan to AID for a population census to start this September. An agricultural and economic census is also planned; it would take five years to complete.

CANADA. The Canadian Wheat Board is now distributing to wheat growers of western Canada \$270 million in final payments from 1965-66 sales. The sum is \$70 million more than paid out the previous season, and just under the record \$272 million of 1963-64. The final payments average out to 48 cents a bushel for all wheat except durum and bring the full price received by growers for 1965-crop No. 1 Northern wheat to \$1.99 (\$1.85 U.S.) a bushel. (13)

COLD FACTS ABOUT FROZEN DOUGH

Over 20 varieties of premixed dough now vie for freezer space in supermarkets nationwide, but producers have a few problems.

Bakers now appear to be warming up to frozen dough, though it's taken a couple of decades.

Back in 1945, some forward-looking dough-makers tried to market frozen packets of their product but had difficulty in thawing out consumer resistance. Not until the early 1960s was there any significant commercial production of frozen dough.

Now there are about 30 firms turning out frozen dough in 40

plants spotted throughout the United States.

To lessen the risk of undesirable temperature changes in shipping, most firms tend to limit their distribution areas to between 100 and 500 miles. But some firms ship to markets 1,000 to 2,000 miles from their plants; and more than half the producers are making interstate shipments.

Over 80 per cent of frozen dough output winds up in supermarket freezer cabinets for retail selling. Restaurants and bakeries share the remainder.

White frozen bread dough is by far the most popular of 21 dough varieties marketed in frozen form. It accounts for



more than 50 per cent of sales, according to a recent survey by the Economic Research Service.

A number of firms make both white bread and white frozen bread dough. For the latter, they use more sugar, milk and yeast, a shorter fermentation time, fewer additives except for yeast food, and flour of higher protein content.

Whole wheat dough ranks next to white in popularity. Then come raisin, raisin-cinnamon, cheese and rye.

Among other frozen doughs attracting consumers are those for blueberry muffins, cloverleaf and Parkerhouse rolls, and for potato, butter and egg, Wisconsin rye and "sheepherder's" bread.

Predominant marketing form is the one-pound loaf, with two or three to a package. "Petite" six-ounce loaves are also finding favor with some restaurants.

Recent growth in sales of frozen dough is attributed largely to its lower price in relation to ready-baked goods.

Though wholesale prices for white bread dough vary considerably between regions, they averaged about 18 per cent lower than baked white bread in selected cities surveyed last year.

Despite increasing acceptance of frozen dough, the industry has some production and marketing problems. One of them concerns storageability.

Three generally accepted methods are used in making bread dough. They're known to the trade as the sponge and dough, straight dough and continuous mix processes.

The sponge and dough method used infrequently by frozen dough makers is not satisfactory, as the dough deteriorates noticeably after two weeks in storage.

The straight dough method, used by almost all the frozen dough firms, gives very good quality initially, but quality deteriorates after about 12 weeks of storage even though the dough is

at a recommended zero degrees.

Research by the American Institute of Baking indicates that use of the continuous mix method would prolong storage life and improve texture, appearance and flavor.

Machinery for this method is so costly that many firms are reluctant to make the investment. However, firms already making bread with the continuous mix process could benefit by using the equipment to make frozen dough.

Other problems involve improper handling of frozen dough at various stages of marketing and use: thawing during shipment, poor inventory control, wrong temperature of the storage facilities, inadequate consumer instructions—and use of wrong pan size when baking. (14)

Chow!

The man with the big appetite is the man in olive drab or navy blue. He uses half again as much food as the typical civilian.

That's the implication of overall food consumption figures for the United States. The figures show that the military, with 3.2 million members on July 1, 1966, make up about 1.6 per cent of the population. On the other hand, they account for 2.3 per cent of total U.S. food use.

Small as the percentages are, they add up to a lot of food in the military shopping bag. In all, the men in charge of buying food for the armed forces spent slightly over \$1 billion in 1965. That doesn't include the food bought for the commissaries or post exchanges in this country.

The biggest item on the military shopping list in 1965 was red meat, with beef and veal amounting to 98 million pounds and pork adding another 241 million.

Other leaders on military menus were: fresh vegetables, 755 million pounds; processed vegetables, 462 million; processed fruits, 359 million; wheat flour and other cereal products, 235 million; sugar and sirups, 171 million; and eggs, 147 million pounds. (15)

Spring Scallions Give Seasonal Lift to Dwindled Onion Supplies

Spring is a bunch of violets to the romanticist. To the gourmet, it's a bunch of young scallions.

This season's crop will be reaching its peak in April. And for all practical purposes—such as cooking—scallions are the same as green onions, alias spring onions. The more elegant leeks and shallots are close relatives.

Regardless of name, bunches of early spring onions have begun to roll into supermarkets.

They've been welcome, as onion supplies at the beginning of 1967 were the smallest in more than a decade—and prices high.

Stocks of storage onions at the beginning of the year were down to a mere 400 million pounds. That seems like a lot of onions, but it's nearly a fourth less than normal supplies.

Consumers, however, have little regard for supply-price economics when it comes to onions. They eat them at the rate of about 15 pounds per person, year in and year out. Except for salt, few flavoring agents are more valued in cookery.

Only a small whiff of total onion consumption actually comes from the fresh onion family.

Dry onions make up the bulk of year-round purchases. Most of the mild sweet Spanish varieties come from the West, while the hard yellow globes grow best in the East and Midwest.

The U.S. is the world's biggest onion producer and normally exports sizable quantities. Major foreign buyer is Canada. Panama and the West Indies are also steady customers. Exports to Europe—especially the U.K. and Sweden—fluctuate sharply from season to season depending on their own supply situation and ours.

We also import onions to supplement homegrown volume and meet consumer demand for cer-

tain varieties. In recent weeks, imports have been much heavier than usual.

Mexico provides us silvery white onions; Chile, sweet Spanish; and Italy, the all-red salad variety. In some years—and this is one of them—even Egypt, the Netherlands and Poland may add a few of their onions to help keep our bins filled. (16)

Beefed-Up Appetites Put Poundage On U.S. Food Consumption in '66

Family dinner plates took on an extra helping last year, and it was most likely another hamburger or more bites of steak.

U.S. beef consumption in 1966 rose to an all-time high of 103 pounds per person—up 4 pounds from a year earlier. The increase was a big factor in the total rise of nearly 1 per cent in per capita food consumption.

At the same time, we ate about 1 pound less of pork and 1/2 pound less veal. Annual per person consumption of these meats slipped to a little under 58 pounds and 5 pounds, respectively.

Chicken servings for the year rose 7 per cent to 35 1/2 pounds (ready-to-cook terms), and turkey to over 7 1/2 pounds.

Appetites also increased noticeably for margarine, to 11 pounds per capita and cheese, to a little under 10 pounds.

Per capita consumption of fish products as a whole dropped slightly to about 10 1/2 pounds, but fresh and frozen fishery items rose in popularity to over 6 pounds—highest since the early 1950s.

Though retail food prices rose an average of 5 per cent nationwide last year, incomes rose even more. Thus, outlay for food per person as a percentage of total disposable income (i.e., after taxes) declined a shade—from 18.2 per cent to 18.1 per cent.

The nation's total 1966 retail food bill of \$91 billion averaged out to \$464 per person. (9)

PRICE SPREADS FOR PORK. J. B. Bullock, R. Eisenberg, D. Hacklander, Marketing Economics Division. Misc. Pub. No. 1051.

This report analyzes the trend of prices and price spreads for pork at various stages in the marketing process during 1949-66, and discusses the factors responsible for the trend and their implications for producers and consumers.

RESEARCH DATA ON MINORITY GROUPS—AN ANNOTATED BIBLIOGRAPHY OF ECONOMIC RESEARCH SERVICE REPORTS: 1955-1965. Human Resources Branch, Economic Development Division. Misc. Pub. 1046.

This bibliography was compiled by the Economic Development Division as a guide to information on minority groups published by the Economic Research Service and its predecessor agencies. Research reports cooperatively sponsored with other organizations are also included.

AN INVENTORY OF MARKET NEWS REPORTS FOR EGGS. F. L. Faber, Marketing Economics Division, and R. J. Van Houten, Consumer and Marketing Service. ERS-332.

This report presents detailed descriptions of the various kinds of market news information currently available on eggs from federal, state and private agencies.



recent publications

The publications listed here are issued by the Economic Research Service and cooperatively by the state universities and colleges. Unless otherwise noted, reports listed here and under Sources are published by ERS. Single copies are available free from The Farm Index, OMS, U.S. Department of Agriculture, Washington, D. C., 20250. State publications may be obtained only by writing to the issuing experiment station or university after the title.

MARKETING INDUSTRIAL MOLASSES IN THE UNITED STATES. L. C. Larkin, Marketing Economics Division. ERS-327.

This report is based on a study recommended by the Sugar Research and Marketing Advisory Committee.

A BIBLIOGRAPHY ON MARKETING WOODY PLANTS AND RELATED NURSERY PRODUCTS, 1944-65. J. V. Powell and D. M. Lundquist, Marketing Economics Division. MP-1039.

The report lists research reports, articles and speeches of interest to analysts and to the trade.

ALTERNATE CROP ENTERPRISES ON LOAM AND SANDY SOILS OF NORTHWEST OKLAHOMA . . . RESOURCE REQUIREMENTS, COSTS AND RETURNS. L. J. Connor and R. E. Hatch, Farm Production Economics Division, and O. L. Walker, Oklahoma Agricultural Experiment Station. Okla. Agri. Expt. Sta. Processed Series P-552.

Tables showing estimated annual costs and returns per acre for producing various crops in northwest Oklahoma are presented.

SUPPLEMENT FOR 1966 TO LIVESTOCK-FEED RELATIONSHIPS, 1909-1965. G. Allen and M. Devers, Farm Production Economics Division. Sup. for 1966, SB-337.

The supplement represents current changes in animal units of livestock fed annually, livestock-production units, high-protein animal units, feed consumption by various classes of livestock, 1960-65, and feed grain surpluses and deficits by states for the feeding years beginning October 1, 1963 to 1965.

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9. National Food Situation, NFS-119 (P); 10. Livestock and Meat Situation, LMS-153 (P); 11. M. S. Coyner, The Agriculture and Trade of Panama, ERS-For. 179 (P); 12. Foreign Regional Analysis Division, The Europe and Soviet Union Agricultural Situation (M); 13. Foreign Regional Analysis Division (SM); 14. N. L. Rollag and R. V. Enochian, Market Potentials for Frozen Dough, MRR (M); 15. National Food Situation, NFS-118 (P); 16. Vegetable Situation, TVS-163 (P); 17. D. H. Rahe, "U.S. Agricultural Exports of \$6.9 Billion Were All Time High in Calendar Year 1966," For. Agri. Trade, March '67 (P).

*Speech (S); published report (P); unpublished manuscript (M); special material (SM); *State publications may be obtained only by writing to the experiment station or university cited.*

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Onward and Upward

Sales of American farm products abroad nudged the \$7 billion mark in calendar year 1966.

At a new high of \$6.9 billion, they topped 1965 exports by nearly \$700 million and were \$4.1 billion above the low of \$2.8 billion 13 years ago.

Commercial sales for dollars accounted for most of the '66 increase. They rose to \$5.3 billion from \$4.8 billion in '65.

Shipments under Public Law 480 (Food-for-Freedom), estimated at \$1.6 billion, were up only slightly from the year-earlier level of \$1.5 billion.

Record cargoes of wheat and wheat products accounted for \$400 million of the overall rise. Gains were also registered by feed grains, soybeans, tobacco, oilcake and meal, vegetables, and hides and skins.

Though volume of cotton exports in the last half of the year was 31 per cent higher than in 1965, the increase was too late to offset earlier declines.

The upsurge in exports as a whole was largely due to the economic buoyancy of our major customers—Western Europe, Japan and Canada.

Despite a drop of 57 per cent in poultry exports to the European Common Market in the past four years, EEC purchases of U.S. farm products last year made up about one-fourth of our export total.

Biggest P. L. 480 shipments—in order of magnitude—went to India, Vietnam, Yugoslavia, Brazil, the UAR (Egypt), Pakistan and South Korea. (17)

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